

(1) IN GENERAL.—Clause (i) of section 24(d)(1)(B) is amended by striking “\$10,000” and inserting “\$3,000”.

(2) CONFORMING AMENDMENT.—Subsection (d) of section 24 is amended by striking paragraph (4).

(3) ELIMINATION OF INFLATION ADJUSTMENT.—Subsection (d) of section 24 is amended by striking paragraph (3).

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2010.

#### SEC. 104. REPEAL OF SUNSET ON MARRIAGE PENALTY RELIEF.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to sections 301, 302, and 303(a) of such Act (relating to marriage penalty relief).

#### SEC. 105. REPEAL OF SUNSET ON EXPANSION OF DEPENDENT CARE CREDIT.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 204 of such Act (relating to dependent care credit).

#### SEC. 106. REPEAL OF SUNSET ON EXPANSION OF ADOPTION CREDIT AND ADOPTION ASSISTANCE PROGRAMS.

(a) REPEAL OF EGTRRA SUNSET.—Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 202 of such Act (relating to expansion of adoption credit and adoption assistance programs).

(b) TECHNICAL AMENDMENTS RELATING TO EXPANSION UNDER PPACA.—

(1) REPEAL OF SUNSET.—Notwithstanding section 10909(c) of the Patient Protection and Affordable Care Act, title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to the amendments made by section 10909 of the Patient Protection and Affordable Care Act.

(2) CODIFICATION OF SUNSET.—

(A) REFUNDABLE CREDIT.—Section 36C is amended by adding at the end the following new subsection:

“(j) TERMINATION.—This section shall not apply to expenses paid in taxable years beginning after December 31, 2011.”

(B) ADOPTION ASSISTANCE PROGRAMS.—

(i) IN GENERAL.—Section 137(b) is amended by adding at the end the following new paragraph:

“(4) SPECIAL RULE FOR 2010 AND 2011.—In the case of any taxable year beginning in 2010 or 2011, paragraph (1) and subsection (a)(2) shall each be applied by substituting ‘\$13,170’ for ‘\$10,000’.”

(ii) INFLATION ADJUSTMENT FOR YEARS TO WHICH SPECIAL RULE APPLIES.—Paragraph (1) of section 137(f) is amended—

(I) by inserting “FOR 2011” after “LIMITATIONS” in the heading, and

(II) by striking “after December 31, 2010, each of the dollar amounts in subsections (a)(2) and (b)(1)” inserting “after December 31, 2010, and before January 1, 2012, the \$13,170 dollar amount in subsection (b)(4)”.

(iii) INFLATION ADJUSTMENT FOR OTHER YEARS.—Paragraph (2) of section 137(f) is amended—

(I) by inserting “AND DOLLAR LIMITATIONS FOR OTHER YEARS” after “LIMITATION” in the heading,

(II) by striking “the dollar amount in subsection (b)(2)(A)” and inserting “each of the dollar amounts in subsection (a)(2) and paragraphs (1) and (2)(A) of subsection (b)”, and

(III) by adding at the end the following new sentence: “This paragraph shall not apply to the dollar amounts in subsections (a)(2) and (b)(1) for any taxable year to which paragraph (1) applies.”

(iv) CONFORMING AMENDMENTS.—Subsections (a)(2) and (b)(1) of section 137 are each amended by striking “\$13,170” each place it appears in the text and in the heading and inserting “\$10,000”.

(C) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect as if included in section 10909 of the Patient Protection and Affordable Care Act.

(3) NON-REFUNDABLE ADOPTION CREDIT ALLOWED FOR YEARS TO WHICH REFUNDABLE CREDIT NOT APPLICABLE.—

(A) IN GENERAL.—Part IV of subchapter A of chapter 1 is amended by inserting after section 22 the following new section:

#### “SEC. 23. ADOPTION EXPENSES.

“(a) ALLOWANCE OF CREDIT.—

“(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter the amount of the qualified adoption expenses paid or incurred by the taxpayer.

“(2) YEAR CREDIT ALLOWED.—The credit under paragraph (1) with respect to any expense shall be allowed—

“(A) in the case of any expense paid or incurred before the taxable year in which such adoption becomes final, for the taxable year following the taxable year during which such expense is paid or incurred, and

“(B) in the case of an expense paid or incurred during or after the taxable year in which such adoption becomes final, for the taxable year in which such expense is paid or incurred.

“(3) \$10,000 CREDIT FOR ADOPTION OF CHILD WITH SPECIAL NEEDS REGARDLESS OF EXPENSES.—In the case of an adoption of a child with special needs which becomes final during a taxable year, the taxpayer shall be treated as having paid during such year qualified adoption expenses with respect to such adoption in an amount equal to the excess (if any) of \$10,000 over the aggregate qualified adoption expenses actually paid or incurred by the taxpayer with respect to such adoption during such taxable year and all prior taxable years.

“(b) LIMITATIONS.—

“(1) DOLLAR LIMITATION.—The aggregate amount of qualified adoption expenses which may be taken into account under subsection (a) for all taxable years with respect to the adoption of a child by the taxpayer shall not exceed \$10,000.

“(2) INCOME LIMITATION.—

“(A) IN GENERAL.—The amount allowable as a credit under subsection (a) for any taxable year (determined without regard to subsection (c)) shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph but with regard to paragraph (1)) as—

“(i) the amount (if any) by which the taxpayer’s adjusted gross income exceeds \$150,000, bears to

“(ii) \$40,000.

“(B) DETERMINATION OF ADJUSTED GROSS INCOME.—For purposes of subparagraph (A), adjusted gross income shall be determined without regard to sections 911, 931, and 933.

“(3) DENIAL OF DOUBLE BENEFIT.—

“(A) IN GENERAL.—No credit shall be allowed under subsection (a) for any expense for which a deduction or credit is allowed under any other provision of this chapter.

“(B) GRANTS.—No credit shall be allowed under subsection (a) for any expense to the extent that funds for such expense are received under any Federal, State, or local program.

“(4) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

“(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

“(B) the sum of the credits allowable under this subpart (other than this section and section 25D) and section 27 for the taxable year.

“(c) CARRYFORWARD OF UNUSED CREDIT.—

“(1) RULE FOR YEARS IN WHICH ALL PERSONAL CREDITS ALLOWED AGAINST REGULAR AND ALTERNATIVE MINIMUM TAX.—In the case of a taxable year to which section 26(a)(2) applies, if the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by section 26(a)(2) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section and sections 25D and 1400C), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

“(2) RULE FOR OTHER YEARS.—In the case of a taxable year to which section 26(a)(2) does not apply, if the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by subsection (b)(4) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

“(3) LIMITATION.—No credit may be carried forward under this subsection to a taxable year following the fifth taxable year after the taxable year in which the credit arose. For purposes of the preceding sentence, credits shall be treated as used on a first-in first-out basis.

“(d) DEFINITIONS.—For purposes of this section—

“(1) QUALIFIED ADOPTION EXPENSES.—The term ‘qualified adoption expenses’ means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses—

“(A) which are directly related to, and the principal purpose of which is for, the legal adoption of an eligible child by the taxpayer,

“(B) which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement,

“(C) which are not expenses in connection with the adoption by an individual of a child who is the child of such individual’s spouse, and

“(D) which are not reimbursed under an employer program or otherwise.

“(2) ELIGIBLE CHILD.—The term ‘eligible child’ means any individual who—

“(A) has not attained age 18, or

“(B) is physically or mentally incapable of caring for himself.

“(3) CHILD WITH SPECIAL NEEDS.—The term ‘child with special needs’ means any child if—

“(A) a State has determined that the child cannot or should not be returned to the home of his parents,

“(B) such State has determined that there exists with respect to the child a specific factor or condition (such as his ethnic background, age, or membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps) because of which it is reasonable to conclude that such child cannot be placed with adoptive parents without providing adoption assistance, and

“(C) such child is a citizen or resident of the United States (as defined in section 217(h)(3)).

“(e) SPECIAL RULES FOR FOREIGN ADOPTIONS.—In the case of an adoption of a child who is not a citizen or resident of the United States (as defined in section 217(h)(3))—

“(1) subsection (a) shall not apply to any qualified adoption expense with respect to such adoption unless such adoption becomes final, and